

AGL Energy Limited
Annual General Meeting
19 September 2019

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Graeme Hunt:

Good morning ladies and gentlemen. My name is Graeme Hunt, and I am your Chairman. Welcome to AGL's 2019 Annual General Meeting. It is a pleasure for the AGL Board to be in Sydney again for the AGM for the first time since 2016.

I would like to start the meeting by acknowledging the traditional owners of the land on which we meet today, the Gadigal people of the Eora nation, and pay our respects to their Elders, past, present and emerging.

May I ask you to make sure that your mobile phones are turned off or switched to silent while the meeting is in progress. Filming of the meeting is not permitted. I also ask that you note where the nearest exit is in the unlikely event it becomes necessary to evacuate the building. In the event of an emergency, you will hear two audible emergency alarms. The first alarm sounds like a beep. On hearing this alarm, you should standby for instructions to evacuate. The second alarm sounds like a whoop. On hearing this alarm, you should immediately begin to evacuate the building. Emergency exits are located on either side of the stage. In the event of an emergency, please do not use the lifts. All emergency exits must remain unimpeded.

The notice convening this meeting has been sent to all registered shareholders, and the necessary quorum is present here today. I will start by explaining the running order for today's meeting. In a moment, I will make a few remarks about the results for the 2019 financial year, and about other topical matters. Then Brett Redman, AGL's Managing Director and CEO will speak. We will then attend to the formal business of the meeting. Thank you to those shareholders who have submitted written questions in advance of the meeting. Brett and I will see to answer many of those questions in our prepared comments.

You will have the opportunity to speak to or ask questions about each item of business. Please note that only persons holding yellow or blue cards are entitled to ask questions or make comments at this

meeting. Visitors holding a red or green card are not eligible to vote or speak, but obviously most welcome to listen. Please note this AGM is being filmed for webcasting purposes.

I would now like to introduce my fellow Directors. I will ask each Director to raise their hands as I introduce them. They are Les Hosking, John Stanhope, Jacqueline Hey, Patricia McKenzie, Peter Botten and Diane Smith-Gander. Also on the stage today is our Managing Director and CEO Brett Redman, Company Secretary John Fitzgerald, and Chief Financial Officer, Damien Nicks.

Seated in the front row in the centre of the room are members of the executive team, and I would encourage you all to have a cup of coffee or a cup of tea with members of the executive team and the board at the end of the meeting. Finally, AGL's external auditors Deloitte are here this morning. The senior audit partner Jason Thorn is available to answer any relevant questions you may wish to ask later in the meeting, and I thank him for attending today. So, Jason's down here in the front.

I would like to start by taking a few moments to outline a few key changes to the board and executive team since last year's AGM. In December 2018, the board appointed Brett Redman as Managing Director and CEO. The board is very encouraged by the energy, rigour and commitment to culture and performance that Brett has brought to the role to date. In May 2019 we appointed Damien Nicks to the role of CFO.

On the board, Belinda Hutchinson retired from the board in December 2018 after making an enormous contribution over eight years of service. In May this year, Patricia McKenzie joined the board, bringing 40 years of experience in the Australian energy sector. You will have the opportunity to hear a little bit more from Patricia later when she is considered for election.

Jacqueline Hey and Diane Smith-Gander will retire by rotation, and are standing for re-election at today's meeting. Both Jacque and Diane will address the meeting later in proceedings.

In my view, AGL has a capable, skilled and experienced board, however we are always conscious of the need to maintain the right balance and mix of skills to discharge our responsibilities and achieve AGL's strategic objectives. As part of normal succession processes, we will continue to take steps to ensure we have the right skills and experience that may be required in the future. This includes succession planning for Les Hosking and John Stanhope, each of whom have indicated they do not intend to stand for re-election when their current terms expire in 2020 and 2021 respectively.

Turning now to our results for the 2019 financial year. AGL's statutory profit after tax was \$905 million. This compared with \$1,582 million in the 2018 financial year. The decrease in statutory profit after tax in the 2019 financial year included the loss on fair value of financial instruments of \$139 million compared

with a \$562 million gain in the prior year. This net loss reflects a negative fair value movement in AGL's net sold forward electricity position as a result of higher forward electricity prices, and a negative fair value movement in AGL's purchased oil and coal derivative contracts as a result of lower forward oil and coal prices.

Given the volatility of these non-cash fair value movements every year, AGL regards underlying profit as the more useful measure of company performance. Underlying profit is calculated by excluding significant items and the marked market impact of these fair value movements. Underlying profit after tax for the 2019 financial year was \$1,040 million, up two percent on the previous year. The final dividend of 64 cents per share, which was 80 percent franked, will be paid on the 20th of September. When added to the interim dividend of 55 cents per share, the total dividend for the 2019 financial year was 119 cents per share, franked at 80 percent. This represents an increase in total dividends declared over the last financial year of two cents per share.

In 2016, AGL introduced a dividend policy to target a payout ratio of approximately 75 percent of underlying profit, and a minimum franking level of 80 percent. AGL's dividends have increased by 51 cents per share since that time.

Today we confirm the earnings outlook for the 2020 financial year as being within the range of \$780 million to \$860 million, subject to normal trading conditions. The mid-point of this range represents a drop in underlying profit after tax compared to the 2019 result, however our operating cash performance and financial position remains robust, and we have entered the 2020 financial year in a solid position to execute our strategy and make the investment decisions that will generate value in years to come.

Over the course of the 2019 financial year and continuing in the 2020 financial year, energy policy is a key matter for AGL, the customers and communities which we serve, and for the Australian economy at large. We are in the early stages of a multi-decade transition from an energy landscape dominated by base load thermal power to a future of cleaner, more distributed energy generation storage. This transition should ultimately deliver more affordable, reliable and cleaner energy for our country while empowering our customers.

As with any major transition, there remains uncertainty, price volatility, and some debate as to the best path forward. At AGL, we are focused on the responsible operation of our assets and making investments that are sustainable over the long term. It remains our priority to work constructively with all levels of government, regulators, industry and the community at large in relation to the transition. This includes working with a Commonwealth led taskforce in relation to the closure of the Liddell Power Station. AGL recently announced the schedule for closing the Liddell Power Station, with the first unit closing in April

2022 and the remaining three units closing in April 2023, to support system reliability through the 2022/2023 summer.

We continue to progress a number of projects to provide further capacity to the market. We want to help drive progress towards stable energy and climate policy nationally that enables private operators like AGL to make long term investment decisions, and for our customers and shareholders to feel comfortable about the future. Our most immediate priority is making energy more affordable, and its costs and usage more transparent to our customers. AGL took steps during the 2019 financial year to provide automatic discounts to loyal customers and forgive the debts of certain hardship customers who couldn't afford to pay their bills. We also lowered standing offer rates for electricity customers.

Following the introduction of new default pricing mechanisms, AGL conducted a review to ensure that all standing offer customers were not paying more than if they are on the regulated rate. As a result, prices have fallen further for many standing offer customers.

We also continue to take steps to make it easier for customers to understand and compare prices and get access to the best deals. We also recently extended the AGL safety net to approximately 140,000 gas customers to improve energy affordability for families and businesses across Australia, and to reward loyal customers. This will ensure that a minimum discount of five percent is applied to those residential and small business gas customers who have been on standing offers for more than one year.

During the 2019 financial year, AGL's growth strategy was refreshed in recognition that the parts of the business that have underpinned AGL's strong financial performance over recent years in electricity generation, wholesale trading and retailing, will be exposed to more challenging operating conditions in the years ahead. Our strategy refresh identified three major areas of potential investment focus. Firstly, optimising our existing portfolio for performance and value. Secondly, evolving and expanding our core energy market offerings, and thirdly, creating new opportunities with increasingly connected customers as data and energy value streams converge.

In early September, AGL completed the acquisition of Perth Energy, an integrated energy company in Western Australia. The acquisition strongly aligns with AGL's existing presence in the Western Australian gas retail market. Perth Energy, as Western Australia's third largest electricity retailer and a gas retailer to business customers, is a strong strategic fit for AGL as we seek to expand in Western Australia, and will provide greater flexibility for the management of our Western Australian gas position.

AGL withdrew a non-binding indicative proposal to acquire Vocus Group in June 2019 after undertaking due diligence. However, we remain interested in opportunities in the broadband and data sector, and continue to explore related growth opportunities. While it is important for AGL to invest in growth to

secure future value creation, just as we have done successfully in the past, maintenance of financial discipline and appropriate capital allocation is especially pertinent with interest rates at current lows.

AGL recently commenced an on market buyback of up to five percent of the company's issued capital. The board considers an on market share buyback to be an appropriate mechanism to return excess cash to shareholders where liquidity material exceeds buffer levels.

I will now speak briefly about three resolutions that we've received from two small groups of shareholders for consideration at the AGM. These are items 5(a), 5(b) and 6 in the Notice of Meeting. The board respects the right of shareholders to put forward resolutions, however the board does not consider these resolutions to be in the best interests of AGL for the reasons detailed in the Notice of Meeting, and the board recommends that shareholders vote against these items.

Items 5(b) and 6 are contingent on the outcome of 5(a), being the special resolution to amend AGL's Constitution. Based on the proxy and direct votes received ahead of the meeting, and the number of votes that I have been informed are represented on the floor today, item 5(a) will not receive sufficient support from shareholders to be passed, and therefore, as advised to shareholders in the Notice of Meeting, items 5(b) and 6 will not be put to the meeting. However, we will give shareholders and opportunity to ask questions about these resolutions later in the meetings.

I do want to assure shareholders that two key issues that are the subject of the resolutions, being climate change and emissions from operations, are a key focus for your board. We understand that these matters are of concern to our shareholders, and that they are matters that the board takes very seriously. At AGL, we take a discipline approach to how we manage and disclose climate related risks and emission levels. We provide detailed reporting on our climate change strategy and risks in accordance with the recommendations of the financial stability board's taskforce on climate related financial disclosures, often abbreviated to TCFD.

During financial year '20, we intend to undertake further analysis to understand the impacts on AGL's portfolio and closure plans under scenarios that limit warming, global warming, to below 1.5 degrees above pre-industrial levels. We also measure and report on key environmental data across air, water, waste, noise and biodiversity, and publish this information on our website. We engage transparently with members of the community and other stakeholders who are concerned about the impact of AGL's operation.

The board understands the importance of managing carbon risk, and is focused on a stable and sustainable transition towards an energy system that is reliable, affordable and better for the environment. Over a number of years, AGL has taken, and AGL continues to take, a range of actions to

operate more sustainably and to minimise our environmental footprint in the areas in which we operate. We will also continue to support actions consistent with the goals of the Paris Accord. However the board believes it is important that any transition of the energy sector takes place in an orderly manner. AGL is committed to working with government and industry to help deliver frameworks and policies that lead to more affordable, reliable and sustainable energy.

I would also like to speak briefly about the changes we made during the 2019 financial year to our Executive Remuneration Framework. We made these changes, which are detailed in the Remuneration Report, to align the Executive Remuneration Framework with our strategic priorities and shareholder interests. These changes appeared to have been supported by our shareholders. As part of the Executive Remuneration Framework, the board determined to increase the performance period for the long term incentive plan from three to four years, to better reflect the long term horizon of the business planning cycle. The extension of this period would have resulted in a year, being the 2023 financial year, when no long term incentive awards would have been due to be tested and potentially vest as a result of that change from three to four years. Therefore, the purpose of the bridging grant is to ensure a smooth transition to the four year performance period, and the board considered that the bridging grant was the best way to achieve this.

In summary, there's been another year of strong performance for AGL amid ongoing uncertainty in the energy sector. However, the 2020 financial year is expected to be more challenging, with a lower earnings outlook. Despite these challenges, your board is confident that the appropriate strategies are in place, supported by a strong company culture and a capable management team to drive the right outcomes for customers and the community, and continued value creation for our shareholders over the longer term.

It is now my pleasure to invite Brett Redmond, your CEO, to address you. Following Brett's address, we will move to the formal business of the meeting.

Brett Redman:

Thank you Graeme, and good morning everyone. I was honoured to be appointed to lead AGL as Managing Director and CEO in December, after working at AGL for over 12 years. I am immensely proud of our history, our people, and the important role that we play in the Australian community. AGL is guided by three priorities. Growth, transformation and social licence. These priorities are all about delivering real value for you our shareholders, our customers, and to the broader communities where you live and work.

To set us up for success, we undertook a review of our purpose and values during the 2019 financial year, to ensure that we have the right framework to evolve our organisational culture and guide our decision making. The outcome was the concept of progress for life as its central theme. At AGL we have a

passionate belief in progress, human and technological, and a relentless determination to make things better for our customers, our communities, the Australian economy and our planet. Supporting our purpose are five values. Care in every action, integrity always, better together, deliver your best, and shape tomorrow. These values help to guide our people to focus on delivery for our customers and for our shareholders.

I'm excited about the times ahead, and I'm also proud of our recent performance. AGL delivered a strong operating and financial result in the 2019 financial year, while focusing on delivering fairness, simplicity and transparency for our customers. This strong financial result reflected the resilience of our portfolio and growth of our customer base at a time of increasing industry headwinds. It is testament to the 3,750 people we have on the ground serving our customers, running our plant and operating our business every day.

This past year has seen encouraging feedback from our people. Many of them are shareholders themselves. We've had an increased employee engagement score, of which our aim is to return to and ultimately exceed best employer standing. However, it is not enough to have an engaged workforce. We need to make sure that our people are safe. While AGL has a strong safety culture and injury severity continues to decrease, we experienced an increase in the rate of injuries overall in the 2019 financial year, which we do not consider acceptable. We've got work to do. Our people are at the heart of our business, and I am passionate about ensuring that everyone who works for AGL is able to go home at the end of the day safe and well.

Let me now turn to our focus on growth and investment. We have three focus areas for investment which reflect the strength of our business, as well as the evolution that is occurring in the energy sector and the opportunities the future presents us with. Our investments not only ensure that the lights can be turned on in homes and businesses, but support many regional communities throughout Australia by employing locals and supporting community groups. We are continuing to enhance the way we engage with the local communities where we operate, and we want to ensure that the decisions and investments that we make today improve the lives of everyday Australians tomorrow.

Our first focus area is optimising our existing portfolio for performance and value. Investing capital expenditure into our thermal plant is critical to ensuring that they remain reliable and keep electricity affordable for our customers. During the year, we invested more than \$1 billion in combined operating and capital expenditure to maintain our plant's performance, the highest amount ever. We are also undertaking upgrades at our Bayswater and Loy Yang A Power Stations to make them more efficient, without increasing emissions.

All of this is happening in the context of the planned closure of our ageing thermal plant at Torrens Island and the Liddell Power Stations. We are keeping AEMO informed of our closure schedule for AGL Torrens, and we have also informed AEMO of the schedule for closing Liddell. Liddell's first unit will close in April 2022, and the remaining three units will close in April 2023. By this date, and after 50 years of operation, Liddell will well and truly have reached the end of its technical life.

Having clarity around closure dates enables us to provide certainty for our people at AGL Macquarie. We care deeply about assisting with the energy transition, and we hope that our commitments to no forced redundancies, retraining and new investment in the region will help to keep the local community thriving for decades to come. It is in this context that we have welcomed the Commonwealth Government's Liddell Taskforce. The objective of this taskforce is to understand the potential impacts of Liddell's closure with respect to the reliability in the national electricity market, power prices, dependent facilities and the local region.

AGL supports the needs for governments and industry to work together to improve the affordability, reliability and security of energy for Australian households and businesses, and we are engaging positively with the taskforce and the New South Wales government.

Our second area of focus for investment is evolving and expanding our core energy market offerings. Bloomberg New Energy Finance forecasts that \$130 billion of grid scale and \$70 billion of behind the meter investment is required in generation and storage between now and 2050. These significant capital expenditure requirements create opportunities for AGL as we look to provide flexible capacity assets, gas firming, hydro and grid scale batteries that will enable the transition to renewables. As we focus on the opportunity to play a key role as an enabler of renewable energy, we are progressing firming capacity options and the Crib Point LNG jetty proposal, and we have expanded our footprint in Western Australia with the Perth Energy acquisition. Securing the options for the Bells Mountain pumped hydro project in the upper Hunter region of New South Wales and the Kanmantoo pumped hydro project in South Australia, as well as developing the Newcastle gas firming power station, will help AGL to capture value in a changing market whilst enabling the transition to deliver energy that is not just cleaner, but more affordable and reliable too.

Our third area of focus for investment is creating new opportunities with increasingly connected customers. We fully support the convergence of energy and data in small appliances, residential battery orchestration, and electrical vehicles. We want to make sure that AGL is the first choice for customers looking for innovative products and services, new technologies and superior service.

I'm encouraged by our research that tells us people would trust AGL to provide their broadband and other data services, and like us, they see a modern utility as a provider of a range of services. The

proposal to acquire Vocus earlier in the year reflected this customer research. However, we need to ensure that we also create value for you, our shareholders, so we were not confident that Vocus at the proposed terms could create this value for you, and as such, we did not progress this proposal.

We remain confident AGL can continue to evolve as a multi-product brand across energy, data and related products and services. We are focused on ensuring every one of our customers is experiencing fairness, simplicity and transparency when dealing with AGL. We have announced the extension to gas customers of our automatic loyalty discount for households and small businesses on standing offers, which is important to ensure that our longer term customers know that they are valued.

During the 2019 financial year, we delivered lower electricity tariffs across all states, put in place a safety net to ensure all electricity and gas standing offer customers get a discount after one year, and developed a \$50 million support package for vulnerable customers. Our customer satisfaction levels are up, and I am delighted that we are seeing increasing customer numbers again, with an additional 66,000 AGL customers at the end of the 2019 financial year. And, I'll say that again, because it's my favourite statistic in this report. We are up 66,000 customers this financial year.

I am pleased to report that as at the end of August, we have an additional 13,000 AGL customers on top of that 66,000. The trends are positive, but we know that there is more that we can achieve for our customers. In May this year, AGL's Loy Yang Unit 2 experienced an electrical short internal to that generator, forcing it out of service. We have been working on the repair for that unit, and ensuring reliability of electricity supply across the national electricity market, and expect Unit 2 to return to service in mid-December this year. To help mitigate this generation impact, we are seeking permission from the South Australian government to continue to operate AGL Torrens A over the upcoming summer months. Due to this Loy Yang 2 outage, as well as depreciation and operating headwinds, our guidance is a material reduction on 2019, as the Chairman has affirmed today. But our financial position remains strong. We have ample head room to fund both investment and the share buyback of up to five percent of issued share capital that we announced in August and we have now started.

Work needs to continue for AGL to deliver an affordable, sustainable and reliable energy future for the Australian community, and we have an experienced team who are passionate about delivering results. Our priorities are growth, transformation and social licence, which are unchanged as they progress through the 2020 financial year, and we will continue to use them to guide our decision making and to monitor our performance. I hope that the changes that we make and are continuing to make, and the strategic direction that we are heading in, give you the confidence that I have in AGL delivering the best outcomes for you, our shareholders, our customers, communities and broader stakeholders in the near and the long term.

Thank you very much.

Graeme Hunt:

Thanks very much Brett. It's now time to address the formal business of the meeting. The Notice of Meeting sets out five items of business, and two items which are contingent upon the outcome of item 5(a), being the special resolution to amend AGL's Constitution. Given the proxies received for the resolution to amend the Constitution and the votes represented here on the floor today, item 5(a) will not receive sufficient support from the shareholders to be passed, and the contingent items will not be put to the meeting.

However, as I foreshadowed earlier, shareholders will have the opportunity to speak on or ask questions about each item of business, including the contingent items, and the proxies for each item will be shown and released to the ASX.

In line with recommendations by the ASX Corporate Governance Council, voting will be conducted on a poll. This will ensure that the views of all shareholders who wish to vote are represented, including those who have lodged proxies and direct votes in advance of today's meeting. Details of how direct and proxy votes on each resolution were cast in relation to the resolutions will also be advised as we move through each resolution.

For those shareholders eligible to vote today, when you registered your attendance this morning you would have been issued with a yellow voting card. Therefore shareholders attending the meeting in person can cast their vote by filling out the paper voting card. Representatives of Share Registry Link Market Services are available here in the room to assist if you have any questions or need assistance. Votes will be counted immediately following the meeting, and the results will be notified to the ASX before the end of today and posted on the company's website.

I will now open the polls so that those of you who need to leave early can vote by either completing your voting card and placing it in one of the ballot boxes near the exits. Deloitte will be scrutineers for the polls.

Now, turning to the first item of business. Item 1, AGL has recently published its 2019 Annual Report, which contains full information about the company's financial and operating performance during the year. This year for the first time, we have prepared our annual report with reference to the International Integrated Reporting Council's International Integrated Reporting Framework, as we believe it provides a useful basis for disclosing how we create sustainable value for our shareholders and other stakeholders over time.

Under the company's Constitution and the Corporations Act, there is no requirement to ask shareholders to vote to adopt the accounts. However, you may ask questions or make comments about the 2019 Annual Report and the management and performance of AGL.

As I mentioned earlier, Jason Thorn from Deloitte is available to answer questions relevant to the audit, and a copy of the written questions to Deloitte are available at the registration desk if any shareholder would like a copy.

I will now ask Jason to outline the questions received by Deloitte ahead of the meeting which it has determined to be relevant to the content of the auditor's report or the conduct of the audit, and Deloitte's response to those questions. Jason.

Jason Thorn:

Thank you Chairman. As stated, the company has received written questions to the auditor from a shareholder in accordance with section 250PA of the Corporations Act 2001. In our capacity as auditor, we have provided a question list to the company that has been made available to the members as you entered the meeting today. The questions outlined on the question list are four questions which in our view related to the conduct of our audit or the content of the audit report, as provided for in section 250PA(1) of the Act. And, Deloitte welcomes the opportunity to verbally respond to the four questions as set out in the question list.

Before responding to specific questions, to convey the context within which our responses are provided, I direct you to our independent auditor's report on page 163 of the Annual Report. In addition to providing our opinion, our report describes the basis for that opinion, the key audit matters, the responsibilities of the Directors for the preparation of the financial report, and our responsibilities for the audit of the financial report.

I will now respond to the four questions on the question list using the original numbering. I respond to question one as follows. The AASB-AUASB guidance on climate related and other emerging risk disclosures is not mandatory, but does make some key recommendations that auditors may consider. I have read and understood the guidance, and the key recommendations were considered during the conduct of the audit.

I will answer questions four and five together, as they relate to the same subject matter. Auditing standards require an auditor to identify and assess the risks of material misstatement through understanding the entity, its environment and its internal control, thereby providing a basis for designing and implementing responses to the assessed risks of material misstatement. As part of our assessment of the risks of material misstatements, we reviewed AGL's greenhouse gas policy and AGL's FY19 Carbon

Scenario Analysis Report, and considered the impact of the policy and the scenario analysis when identifying and assessing the risks of material misstatements.

We identified risk of material misstatements in relation to the useful lives of assets, the fair value of financial instruments, the potential impairment of assets, and the valuation of decommissioning obligations, amongst others. We then designed and implemented responses to the assessed risks of material misstatement. Upon completion of our audit procedures, we issued an unmodified independent auditor's report.

In response to question six, the Directors are responsible for the other information, and in accordance with auditing standards, we read the other information, and in doing so consider whether it is consistent with the financial report and our knowledge obtained in the audit. If based on the work performed we concluded that there was a material misstatement of the other information, we are required to report that fact. We did not identify any inconsistencies.

That concludes my response to the questions outlined in the question list. I'll pass back to you Chairman.

Graeme Hunt:

Thank you Jason. Are there any other questions for the auditor that would like to be raised from the floor? Okay. It looks like there isn't any that I can see currently. Okay. Let's move on to the – sorry. I'll get on to the procedure in a minute, but if people could actually use their voting cards, it makes it much easier for me to actually see their hands, because I am looking out into dimmer light.

Audience Member:

My name is Antoinette Grant, ex-employee. I just have a remark to make regarding auditing. All care taken, no responsibility taken. I was very amused in reading some of the last comments that AGL can still fail despite given a good audit report. And, I think that whole system is kind of ridiculous. Thank you.

Graeme Hunt:

Okay. Thank you for your comment. So, let's move on to the balance of the business. I just want to outline procedurally what will now occur in terms of the most effective way to deal with Q&A, once I can find the appropriate page. So, microphones will be available in each of the aisles. There's two gentlemen there at the moment that at least I can see, and so any shareholder with a yellow or blue card that wishes to ask a question, please raise the card, because it will make it much easier for me to be able to see what is there.

In the interests of giving more shareholders the opportunity to speak, please refrain from making lengthy statements, and please try to confine yourself to one question at a time. Obviously I'd like to be able to

give people the opportunity to ask more than one question if they have it, but I'm also very cognisant of the fact that everyone needs to get a fair go.

In keeping a record of proceedings, if the speaker could please state their name, and if relevant, an organisation that they represent.

As noted earlier, a number of shareholders sent questions in advance of the meeting, and we have dealt with many of those common issues raised during our opening comments. Some of the other questions received related to remuneration matters and the shareholder resolutions, which we will deal with during the following items of business. So, therefore, I would ask, if you could, please hold any questions that specifically relate to remuneration or the shareholder resolutions until we get to those items of business.

The other thing is I will try to kind of move across the room, but I also need to let you know that those that are in the back few rows, it is very difficult for me to actually see you clearly. So, if I don't pick you up, please be patient, and get the attention of the people in the aisle and hopefully they'll draw to my attention who has put their hand up. And, as best we can we'll try to address those that have asked the questions first, but as you would appreciate, that will be pretty difficult.

So, happy to move forward into general questions and discussion around the operations of the business and the annual report. Anyone that has a question, please raise their hand. I think the first hand up was in the middle of the section here.

Audience Member:

G'day. My name's Pat Hanrahan. I'm an electrician. I work in the railways in the Hunter Valley. I want to know how carbon dioxide, a colourless, odourless, tasteless, naturally occurring gas which makes up four percent of one percent of the atmosphere is possibly having an impact on the environment or the climate in anyway. Thank you.

Graeme Hunt:

Thank you. Thank you for your comment. I'm not qualified technically as a scientist to be able to answer that question, but your company works on the basis of an understanding of the science. We work within guidelines that are set by government policy and by the necessities around the regulation in which we operate in. It's not our role I think to get involved in a debate about the impact of carbon dioxide or green gas generally on the environment, other than to say that the science has been accepted, and as a result of that, companies and governments are moving to try to reduce greenhouse gas emissions. What we are trying to do is to do that in an orderly fashion that is in the best interests of our customers, shareholders and the communities in which we operate, and our employees as well. And, so we will continue to invest,

and what we would like to see is a smooth transmission from the historical sources of generation in this country to something which is sustainable, affordable and reliable in the future.

Let's go to the front here again please.

Audience Member:

Good morning Mr Chairman. My name's Kevin Daley. I'm a shareholder. I've got a slightly less philosophical question for you. You've guided to a profit of about \$800 million for 2020, and that's about 20 percent less than this year's underlying profit. You talk about a payout ratio of 75 percent, and also a share buyback of five percent. So, by my calculation, that means the dividend has got to fall 15 percent. So, I'm just wondering if you could go into a bit more detail to explain exactly why you think the profit this year is going to be so low, and the accompanying dividend with it.

Graeme Hunt:

That's your maths on the dividend. I'm not going to forecast what our dividend may or may not be. Your board will look at the financial circumstances of the company at the time and determine what dividend is appropriate within the policy that we outlined earlier.

In terms of the profit outlook, it's driven by a number of factors. One of those is our generating capacity at Loy Yang. One major unit has been out for a significant – will be out for a significant part of this financial year. That's been in the press, and we believe that will come back on in December. So, that's a substantial impact of our reduction in earnings. Wholesale prices are lower than they were previously. The benefit out of renewable energy certificates have come down as well, and obviously also with the implementation of regulated retail pricing, that's also had an effect. So, there is a number of issues associated with the circumstance which we operate in., Many of those are external to the company, but clearly the operating performance of our generating capacity has a material effect.

But to Brett's point, we're generating plant which is many, many decades old, and these kind of things happen. We're working hard on making sure that they don't, but that's one of the contributors to the lower earnings in this year versus last year.

Okay. Let's move across to this side. So, the gentleman on the aisle.

Audience Member:

Thank you Mr Chairman. My name's Hugh Vaughan. I'd like to ask this question. What research has AGL undertaken on the impacts of 1.5 degrees C and two degrees C of global warming on staff and customers and their families? Can the company release the findings to the public? If this research has not yet been done, can AGL commission an independent study and release the findings publicly before the end of the year?

Graeme Hunt:

As I touched on in a previous answer, AGL has a very clear greenhouse gas policy. By far the most material things that the company can do to reduce its greenhouse gas emissions is to close its coal-fired power stations, but that has to be done in an orderly manner in order for – in the best interests of our customers, our shareholders and the community at large. We would like to participate in the process to see a smooth transition.

The other thing that we are doing to reduce that emission is obviously to continue to invest further in renewables, and we are already very proud of the amount that we've invested in renewables and will continue to do that.

The issue about 1.5 degree or even the two degree increase in global temperatures outlined in the Paris Accord, it's important to remember that the Paris Accord is an agreement between countries, and what we do here in Australia is, while Australia is committed to that, it is an issue that companies operate within the policy framework and regulation associated with government. Your board and company are very concerned about the impact of all of our operations on our staff, on our customers and on the communities at large, and we'll continue to work with regulators to ensure that the way that we operate is consistent with that situation. And, we are very transparent about the actions that we undertake, and releasing information and reports as we get them.

So, it is not a priority for us to specifically focus on the kind of report that you're suggesting that we should do, but we note your comment, and we will no doubt receive more comments today about whether or not the company is doing too much or too little. And, we've had three or four questions already, and we've already seen the diversity around views on this matter.

Audience Member:

Thank you Mr Chairman. Perhaps such research would fit well with the business for life that Mr Redman mentioned in his address earlier.

I have one other very quick question if you don't mind. Many companies have given their staff leave to attend the climate strike activities tomorrow. Has AGL granted or offered this to their staff?

Graeme Hunt:

I don't know the answer to that question. Brett?

Brett Redman:

No. We run a 24 hour business. In effect, we need people to show up to keep the lights on. We've said to our staff if they wish to attend something like the climate protest, they'd need to take a day's annual leave.

Audience Member:

Okay. Thank you. There's still time to change that position. Companies like Ben & Jerry's are closing their stores for the day. Now, I understand your business is not the same and they are essential staff, but not all of them are essential. So, there's still time to consider and change that. Thanks.

Graeme Hunt:

Selling ice-cream isn't really an essential service, although my teenagers would very much disagree with me.

Next question please. Let's just go here, and then I'll work my way back across. Thank you for your patience.

Audience Member:

Hi. My name's Bruce Robertson. I'm from the Institute for Energy Economics and Financial Analysis. AGL has a long and proud history in basically the retail and electricity and gas generation sectors. Its upstream gas assets have been a less proud moment for AGL, and I fear that you're going to go down that same course of action with your Crib Point investment. If we look at gas demand in Australia, it's falling. Industrial demand is down 14 percent since 2014. We've seen large falls in demand for – gas powered generation is down 40 percent since 2014. If we look on the – and in the domestic side obviously, we're seeing whole cities now withdraw from gas, which is what has just recently been announced by the ACT.

So, if we look at what you're doing with Crib Point, you're putting a lot of supply into the market. This is the same time as in New South Wales two large gas import facilities are being built that are capable of supplying 200 percent of the New South Wales domestic market. We are also seeing increases in production of gas in the southern states. That's in Victoria and South Australia. Five percent out to 2022. That's according to the Australian Energy Market Operator. So, my question to you is, into this environment, how does AGL expect to make money on its gas import terminal in an environment where you've got other people doing massive investments all at the same time into gas import facilities? Thank you.

Graeme Hunt:

Thank you for your comment and question. We are still working through the approvals process for the Crib Point import jetty. It still needs to go through the environmental assessment process. We recently announced that that means that the first gas would be in the second of financial year '22. The reason that we're looking to import gas is to meet real projected customer needs. Gas production out of Bass Strait is actually declining. Gas production out of the rest of Australia – the challenge for us with both electricity and gas, it's about having the electrons and the molecules in the right place at the right time. You can't just look at the overall market supply demand balance.

I can assure you as a Victorian, the residential customers rightly or wrongly still rely very much on gas as a source of heating, and I think transition to any other form is going to take some time. The rationale for investing in an important terminal is that we believe, given the access to gas in the wholesale market, if we can obviously procure gas from producers at a cost which was in the best interests of our shareholders and customers, that would be the easiest thing to do. So, we're not in a position where we like the idea of investing shareholders' money in something that may not be required.

The other project you've spoken about, also not at final investment decision. So, no one has actually turned a spot of dirt or done anything in this area. We will stare at the economics of this project at the appropriate point in time, and we will only do it if the environmental requirements are appropriate, because we recognise how strongly the people of the Mornington Peninsula feel about their local environment.

Audience Member:

Thank you Mr Chairman. I would just caution that AGL did write off over \$600 million on upstream gas at Gloucester, and I fear that this may be a very similar type of project. Thank you.

Graeme Hunt:

Look, I think it's completely different. I mean what happened at Gloucester is we were looking to explore and develop a gas field which ultimately did not have sufficient gas to warrant it going ahead. In this case, what we are trying to do is to provide a source of gas which can tap into international markets if necessary to provide gas that the market assessment we've made suggests is appropriate.

Thank you. Let's move in this direction. There's one card just behind you there on the right, and then I'll move across closer to the aisle on the left.

Audience Member:

Good morning. My name is Eric, a non-voting shareholder. Lately I read in the press that the super funds and the [0:56:36] shareholder in the listed companies, they are being scammed. Although to date the amount of money is relatively small, what I worry is in future, maybe next year or so, there will be more mediums being scammed. And, in the pipeline, as far as I know, there are still mediums being drained out of shareholder as well as super fund members.

My question is does AGL put more stringent stops on such scammers in liaison with let's say our registry that hopefully would further discourage them from looking at AGL? I hate to see today when we walk in, every one of us or most of us would hold some shares, and by the time this meeting finished, some of us may lose some shares. So, has the board or yourself done anything to discourage such scammers? Thank you.

Graeme Hunt:

Thank you for your question. I'll try to broaden my answer out to cover issues like cybersecurity, which is clearly something that all corporations, all organisations today need to spend a lot more time and effort in ensuring that their systems and processes provide very strong defences against people being able to actually penetrate those firewalls and steal information or steal information that would allow them to represent themselves as someone that they're not.

We have had examples, not so much around shareholders, but customers, where people have sent out false emails purporting to be the company in order to get people to pay money into accounts which are nothing to do with us. So, we encourage all of our customers, if they receive anything that they think doesn't look right, to let us know, and then we use our communications approaches through our website etcetera to make sure that people are informed if there are phishing type emails etcetera going out. But that's an issue for all of us in the community more broadly, because it is becoming much easier or more attractive for people to fraud in that kind of way.

With respect of protection of shareholder information, that's one of the reasons why we use a professional organisation like Link who can invest in the systems and processes to ensure that shareholder information is appropriately protected, because they do it for lots of companies. So, we're very much aware of these issues, and will continue to make sure that it's on the agenda of the board, our risk and audit committee and the company more generally. Thank you.

So, just in front of you, the gentleman in the blue shirt, and then we'll go to the one behind.

Audience Member:

Michael Strakosh. What's been the performance of the Dalrymple battery since it's been in use? It's been a couple of months at least. And, what has been the profit level on that battery, and if it is profitable, why don't you put batteries on every solar and wind farm that you own?

Graeme Hunt:

I can't give you the specifics on that. I can ask Brett to give a general comment. But I can answer the second part, which is battery technology at the moment is still not where solar and wind farm technology is. But clearly what needs to happen for renewables to be firmed going forward, is batteries will be a significant part of that approach. And so, our investment in Dalrymple and other things that we're doing are all about ensuring that we can move in that direction.

So, that's a general comment about batteries. Batteries are not the only thing we're looking at to firm up capacity. The pumped hydro opportunities in South Australia and New South Wales are also for that same kind of fashion. And, then where we're making investments in gas, we are doing that in a way where we

use fast start technology, which would allow you to be in a position that you could better underpin supply in the event that the sun stops shining or the wind stops blowing. But Brett, do you want to add anything to that?

Brett Redman:

Just a quick answer to the specific question. From memory, the Dalrymple battery we built on behalf of the network there. So, it's more of a flat fee arrangement from our point of view in a PNL sense. I couldn't tell you in a wholistic sense is it making or losing money. I'd say the more interesting thing in South Australia is the virtual power plant that we've got 1,000 batteries in 1,000 homes. That one, it's a loss maker, because we're learning from it. It's not a huge loss maker, but we're learning from it.

So, the batteries are largely at a more test and learn phase in their maturity curve from a technology point of view right now, but we certainly project certainly ten years, maybe sooner, they're going to become more and more economic. So, you'll find that there will be more and more, starting with fringe cases where they become economic, and that will gradually move to mainstream, a little bit like rooftop solar and solar panels is a good analogy for the development of battery technology.

Graeme Hunt:

Thank you. If we just go to the gentleman just standing up. We'll come back here, and then I'll go across to the other side. Thank you.

Audience Member:

Just noting the Chair's comment earlier about the 1.5 degree scenario analysis being conducted is coming here. Noel Hutley SC stated back in March that diligent company directors are now to be assessing the impact on their business of a 1.5 degree warming outcome. Now you have said this assessment hasn't yet taken place. How do you explain the divergence between Mr Hutley's understanding of directors' duty with respect to climate risk and the board's? Isn't this inconsistency exposing our directors to the risk of litigation?

Graeme Hunt:

No. That's not what I said. That's a misrepresentation of what I said. I was asked a specific question about were we undertaking impacts on the broader community and our employees and our customers. That is in some ways quite a narrow interpretation of what corporates need to do. What we have said is, and what we'll continue to do, is through our reporting around climate risk and the scenarios that we will undertake, we will continue to move forward to understand the implications of the impact on the company. So, it's not fair to suggest that we are sitting on our hands doing nothing about this matter. That is not true.

Audience Member:

No. No. That's not what I'm trying to do. Maybe I misheard your initial address, but I thought you said AGL was going to release a 1.5 degree scenario analysis next year, because it's not present in this year's report. It's only a two degree scenario is present. Correct? That's why I was asking how do you explain the divergence between Mr Hutley's understanding of directors' duty with respect to climate risk and the board's, and if this inconsistency would expose our directors to the risk of litigation?

Graeme Hunt:

Okay. I think we're both on the same page now. I think what we have released is impact around two degrees. What was said is we will continue to move forward to ensure that we understand the implications for the company under various climate scenarios in the future, including the 1.5 degree. Rest assured, as your board, as individuals and as a whole, are obviously very aware of ensuring that we don't expose ourselves to litigation. Thank you.

Perhaps the lady just to your right here in the yellow top.

Audience Member:

Thank you. My name is Carol Bennett, and I'm a knitting nanna from Gloucester. My question relates to the proposed import gas terminal at Crib Point. I'd like to mention that the Knitting Nannas Against gas and Greed are committed to doing everything we can to save the land, air and water for future generations, and to ensure that there is a future with a clean and healthy environment, natural beauty and biodiversity.

I was heavily involved in the campaign run by Groundswell Gloucester to save our valley and to stop AGL's proposed coal seam gas project in Gloucester. I'm here today to show the support of Groundswell Gloucester, the Gloucester community, and that of the Knitting Nannas Against Gas and Greed for the people of Western Port Bay, who are vehemently opposed to your proposed gas import gas terminal and pipeline, and the industrialisation of their beautiful home. We are deeply distressed to think that once again, AGL is riding roughshod over the wishes of small communities, and creating rifts in them, especially as one would have to wonder whether an import gas terminal is actually needed at all.

My question for the board is this. Are you prepared to be subjected to another community campaign like the one conducted by Groundswell Gloucester, that will have the potential to damage not only the company's image, but is also likely to have financial ramifications? Are you prepared for the public furore that would erupt in the event of a not so unlikely accident that could damage the iconic fairy penguin colony on Phillip Island? Can the shareholders trust you to handle this, when it all went so badly for you in Gloucester, and this project has similar community opposition, political uncertainty, and unacceptable, ecological risks and impacts?

Just as the people of Gloucester did, the communities of Western Port Bay will fight tooth and nail to protect and save their pristine environment, their sandy beaches and quiet coves, their unique and significant mangrove area, which is a critical fish breeding ground. The entire area is so significant, that it is part of the UNESCO Western Port Biosphere Reserve, and deserves protection at all cost. We would ask you to remember the lesson learnt from Gloucester. People power is real and effective, and should not be discounted. You have no social licence for this project, and we urge the board members to recommend that this iniquitous project does not proceed.

Graeme Hunt:

Thank you for your comment. I've already touched I think on a fair amount of the company's response to this issue. The circumstances in Gloucester, as I said earlier, were about seeking to produce gas from an operation in Gloucester. In this case, this is about building an import gas terminal and an associated pipeline to link in to existing gas pipeline facilities in Victoria. We are going through the most rigorous environment effects statement process, which will take more than a year, which will create opportunity for everybody's voice and the right assessment of the science of the environmental impact of the project. Clearly the company will not go ahead if it doesn't get approval, clearly, or if the approval is such that it does not warrant the risks of the project, and as previously stated, if there is sources of gas from other places or demand is as suggested earlier from the floor. That would impact on the economics as well.

But the company has an obligation to its customers to seek to continue to be able to supply them with gas, and all we are trying to do in this case is to assess the viability of a way of meeting existing customer current and future needs. We recognise that that has to be balanced, but our obligations as a company and a board are to meet our customers' needs, because businesses without customers are no longer businesses. We need to do that in a way that our returns that the shareholders get are appropriate for the risks that they take, and we need to do that within the context of the community's social licence. So, we understand all of that, and when we make decisions about investments, we weigh those things up. And, we will do that when we have all the facts at hand, which is still some time off.

Audience Member:

Thank you. I have another unrelated question for Mr Redman. Families continue to experience serious health issues due to AGL's coal seam gas project at Camden. Could you please confirm whether the company's timetable to close this gas field by 2023 and rehabilitate all the 144 wells is proceeding on schedule, and when these families can expect it to be finalised?

Brett Redman:

Yeah. No. It's proceeding on schedule. So, we expect to finish production in 2023. We've already commenced the remediation and rehabilitation of those wells that are finished. The rehab will run on a number of years after '23 so that we wind that project up properly and leave it in good standing.

Audience Member:

Did you have no timetable for the final rehabilitation?

Brett Redman:

We've published one. At the risk of getting it slightly wrong, I think it was about '27/'28 to finish the runout of rehabilitation. But production ceases – current timetable no change – in '23, and then there's a number of years of just rehabilitating the wells and the surface areas that we've affected before we finally finish up there.

Audience Member:

Thank you.

Graeme Hunt:

Thank you. Just down here.

Audience Member:

Thank you. My name is Taegan Edwards, and I work at Environment Victoria. My question is also relating to the almost universal community opposition to your Crib Point gas import terminal and adjoining pipeline. Environment Victoria are in close contact with a wide range of community groups from the Western Port Bay and Mornington Peninsula region, all of whom, as you've accepted, are extremely upset about this proposal. Leaders from those communities really wanted to be here today, but could not travel up to Sydney, and they've asked me to present a letter to you on their behalf.

The point of the letter is that your Crib Point proposal does not have a social licence. We've already seen huge petitions, rallies, packed out community meetings, countless media reports demonstrating this. I'm sure you're aware. The Mornington Peninsula is already plastered with signs and stickers and posters saying 'No AGL gas'. Customers are leaving, and more will follow. Politicians are also lining up to oppose it at this year's federal election. Every single local candidate condemned AGL's project and vowed to fight it. It was acknowledged as the top local election issue in the Flinders electorate. And, today I'd also like to present to you a letter from the federal Flinders MP and Health Minister Greg Hunt, stating his clear and categorical opposition to the project.

Basically, I wanted to say social licence is stated all over AGL's strategic plans as one of three utmost priorities for the company, which is great. But getting a social licence is not about putting up pipeline

maps on a wall or offering to discuss the extent of the destruction that you're going to cause in this community. It's about genuinely listening to the community and being willing to respect their pleas, not to destroy their livelihoods with a risky project like this.

So, my question is, does anyone on the board currently think that you have a social licence to operate your destructive gas terminal at Crib Point? If you do not have a social licence, which I assure you will only become clearer with the extent of the opposition that we are already witnessing, are you prepared to walk away?

Graeme Hunt:

Thank you for your comments and questions. I agree that a social licence is not just about putting up maps and telling people where pipelines are going to run. I can assure you that your board is intimately involved in discussions about this project. In fact, the board has met in Mornington. Certain members of our sustainability committee have had ongoing discussions with other representatives who we expected to be here today but couldn't make it, and that dialogue will continue. It's a part of the world that I know very well, being based in Melbourne. I see the stickers being nailed to trees, and I wonder whether that's actually consistent with social licence.

But we are still – as I said before, we have to go through the environmental assessment process. We have to listen to what government and technical experts say about what the risk is. And, the company also has to weigh up its broad social licence, which is influenced by the views of our broad customer base if they try to start their stove and there's no gas comes out. So, this is a difficult situation that we all need to work through, because in the world that we're in, across the rest of the country, whether you're talking electricity or gas, there needs to be significant investment in either new or replacement supply over time. And, I've said it two or three times already. Your company and your board needs to weigh up and understand how it cannot just trade off one against the other, but in fact improve service to customers, returns to shareholders, and meeting increasing community social licence expectations. If we can't do all that, clearly we're not going to thrive and prosper in the future. Equally, if we surrender on any of those things and don't try to do the right things, that also will be a self-fulfilling negative outcome.

So, we want to continue to engage. I've had engagement myself with your organisation, and I've already spoken about the fact that there is opportunity to change the dependence on gas in Victoria over time, and we're up for working in that space, because we think that is a necessary issue to address supply and demand, particularly when the country has historically been dependent on local gas supplies. And, we are in the real situation of nearby gas in Victoria is as diminishing from where it has been over many decades. Thank you.

Audience Member:

Thanks for that. Just a follow up. The representatives of Save Westernport and other community groups would be keen to meet with you again. Is that going to be possible?

Graeme Hunt:

We will continue consultation right through the process, and obviously we understand the views, we understand the importance of the Ramsar Wetlands. We've engaged around issues like open and closed circuit on the facilities. We've shared information already about the difference in temperatures caused by the heating up of the gas and the de-fouling agents which produce a small amount of chlorine. All of that information is public and will continue to be public. So, yes, that's the way we want to operate.

Audience Member:

Sure. Yeah. They're keen in particular to discuss the social licence question rather than the details of the project I suppose.

Graeme Hunt:

Yeah. I think the two things come together. I mean I think it's somewhat unfair to assess whether we're meeting a social licence or not without actually understanding the implications of what the project may or may not have. And, what we're up for is the engagement to ensure that the facts about what the negative impacts may or may not be and the positive impacts are all assessed, the independent environmental assessment goes forward and produces a report, and then management will work through that and the board will then determine how we do it. But no issue at all. We're very happy to engage around all of these issues going forward.

Audience Member:

Thank you.

Graeme Hunt:

Thank you. Just behind you. The gentleman with his hand up just there.

Audience Member:

My name's Vince Brooks. I'm an ex-employee and a shareholder. Over the last ten or 12 years I've read about closures of old power stations, and then we get the – as time goes by, we find problems with ash dams. Now, there's problem with ash dam in Lake Macquarie, the one in Port Pirie, and there's a couple of others around the countryside. What are we doing about the ash dams? Thank you.

Graeme Hunt:

The environmental licences that AGL operates its plants under obviously vary from state to state, because environmental licencing conditions is a state obligation. Put onus on us as to how we operate the whole

plant, but ash dams as well. And, I think what you're getting at is as plants get older and move towards closure, how do you make sure that they're managed over time as well, because clearly an operation that's been around for 50 years, you've got 50 years of ash you've got to do something with. Now, some of the ash is recycled and goes into the cement industry and other places, but a significant amount of it stays in these facilities. And, what the company has an obligation to do is to rehabilitate the site associated with the conditions set down by those environmental authorities and then manage that over time. And, we account for that in our closure planning as part of the risks and processes to manage our operations, not only when they're productive, but beyond the time that they're productive. Thank you.

So, we'll just go over here, and then I'll flick back over here. Can I just see briefly how many questions there are on this side? Thank you.

Audience Member:

Good morning. My name's Dan Gocher from the Australasian Centre for Corporate Responsibility. Our company is a member of the Business Council of Australia. Throughout the federal election, the BCA repeatedly advocated for the use of Kyoto carryover credits, which will weaken Australia's 2030 target to something like 15 or 16 percent. Does the board support the use of Kyoto carryover credits?

Graeme Hunt:

Look, your board is really focused on specifically what it can do. As I've said a number of times, the issues relating to Kyoto and Paris are issues associated with the commitments that countries have made, which the whole economy needs to try to work with around policy. Where we have focused on is what are the most meaningful things that we can do to significantly reduce our emissions over time, and that is to close our coal fired power stations. But we need to do that at the time that makes sense, both from an economic perspective, but also given the transition of the electricity system in Australia over time. And, in the meantime, we continue to invest in renewables, and we've spent the best part of \$2 billion over the last couple of years in capital expenditure primarily on renewables, and we've got a pipeline of about another \$2 billion. That's the best thing that we can do. And, whether or not the kind of things that you're talking about influence the mathematics around what the country's outcome is probably above our pay grade I think would be fair to say. We want to focus on what we can do, and then we know we're doing the right thing.

Audience Member:

Just to be clear, Brett Redman is on the Energy and Climate Change Committee at the BCA, so is that not a meaningful thing you can do, is lobby positively in line with Paris?

Graeme Hunt:

Well, I'm not here to speak for the BCA, and despite the fact that Brett is on any given committee, the outcomes of the deliberations are for those committee rooms, not for this company at its AGM.

Audience Member:

I find that unusual. But one follow up question if I might, and this is to Brett Redman. In an interview with the AFR last year – sorry, earlier this year – you explained the company's rationale for the acquisition of Macquarie by saying that 'We recognise that the shift to a low carbon economy was always going to take a long time'. Do you still agree with that?

Graeme Hunt:

Can I just ask that everyone addresses their questions through me, even if it is a question for somebody on the panel, and I'll determine whether that's appropriate. I'm aware of what Brett said at that time, and I'm not trying to gag him. I'll give him the opportunity to respond in a second. Look, the acquisition of the Macquarie generation facilities has been good for this company, and we have invested a lot of money in buying them and we've invested more money in how they are operated. And, we believe we've been responsible in terms of when we will retire those facilities. And, I keep coming back to we have to work on addressing the issues associated with emissions, but we also need to work on addressing the issues associated with transition of those facilities.

I don't think anyone can stand in this room today and call exactly when the transition will be complete and what that will mean to what type of generation assets are operating at what point in time some decades from now. That will develop over time as technology develops, and clearly all of those things will be taken into account in decisions that this company makes. So, Brett, do you want to add to that?

Brett Redman:

No. I think that was a good answer Graeme. But the only thing I'd add – and this is a very short version of what I'm on record of talking about in a very long sense in many forums and podcasts, so I don't sort of change past comments – we're going through a transition, but it will be a long transition. But the pace will be dictated by technology. Technology may arrive faster, cheaper, better, and transition may occur very quickly, or technology may take longer to develop. Old plants are getting older, will eventually close, and when you build new plants you'll just the latest technology, which is firmed renewables. So, you'll go through that shift.

The last comment I'd make is – and this is much as an Australian citizen if you like – I think the sort of company that you want owning an existing plant that needs to run for some time to keep the lights on in this country is AGL. So, Macquarie and Loy Yang are the sorts of plants that you want somebody like AGL

managing, a company that will spent more than \$1 billion a year in maintaining, to keep the lights on as we go through that long term transition.

Graeme Hunt:

Thank you. Sorry. You've had a question. So, let's move over to this side. I haven't been over there for a while. So, maybe we start at the back and come down.

Audience Member:

My name is Reg Lobb sir. Thank you for your comprehensive report, including the age of the Directors, which some companies don't bother with. One company that I have a small number of shares in is a petroleum company, and they start their Annual General Meeting with a short video on safety, and then at least half of one page of their annual report includes graphs on how the company has done over the past five years, and the CEO reports in detail on the accidents that have occurred during that year, incidents, whether it be totally related to them company or contractors to the company. I don't see anything like that in this report, and I feel if you are searching for it, I think that indicates there's a need for a much clearer report to the shareholders openly and to the public in this regard.

Graeme Hunt:

Thank you. I don't disagree with you. Safety is a very important issue. I can assure you that actually at every board meeting we start the meeting with a safety moment. And, in fact we had a short board meeting here this morning, and I opened the meeting with a safety moment, something I shared that happened to me yesterday. It is very much in all of our internal reporting processes, and the board gets to hear very quickly about anything that's happened seriously in the business, and we track the injury performance of both employees and contractors, and have done for many years. And, I can attest to that, because I was the chair of the committee that looked after that in the business.

So, if our safety performance is not visible enough in our reporting, particularly our annual report, we'll take that on board and have a look at whether we can improve that going forward.

Audience Member:

Well, there certainly can be an improvement, and I feel it needs to be there quite prominently. Thank you sir.

Brett Redman:

The very first graph on the very first page of the investor presentation, so the slide deck that I take to all investors, is safety performance. You will have heard me talk about it extensively in my speech. I own it. It is in the financial reports here. It is the first thing that I always present when it comes to numbers or performance to our shareholders in the materials that we present. So, I take it very seriously.

Graeme Hunt:

Okay. Thank you. Let's come down this side, so the next one down. Yes. Thank you.

Audience Member:

Professor Don White from green shareholders. I'm pleased to see your comments about your commitments to the Paris agreement. Thank you. And, thank you for your comments in response to the auditors' questions too. But a technical question about disclosure. If you go to page 19 of the annual report, the scenario analysis that AGL's done indicates that the current timeline for closure of the current coal fired assets is not inconsistent with reducing emissions to a level consistent with limiting warming to below two degrees Celsius above pre-industrial levels.

However, even the most ambitious scenario analysed is only potentially consistent with the two degree scenario, which is dependent upon international actions and the actions in other Australia economic sectors. So, is it not a bit misleading to claim that AGL's plans are inconsistent with a two degree outcome when that conclusion is only available if we make some fairly wild assumptions about the decarbonisation of other countries and their industries?

So, these assumptions are not disclosed in the annual report, and I guess my question goes to why not, and can the company commit to disclosing these assumptions in the future so that shareholders are able to judge the voracity of these claims? Thank you.

Graeme Hunt:

Look, I've already I think addressed some of this in terms of very clearly what we believe we can do to make the biggest different in terms of emissions. The issue about what the net impact is of Australia's contribution or the net global impact is obviously the summation of actions from many, many millions or more corporations, governments and communities. We will take on board and intend – and we've flagged that already – that as we continue to make disclosures around our operations, the impact of our operations, we will get better at, we hope, and have a history of increasing disclosures over time. I think the issue then ultimately is, is it ideal to be spending the energy on debating the assumptions, when perhaps what we should be doing is ensuring that the actions that any one organisation can take are the appropriate ones. But thank you for your question, and we'll take that on board.

Let's come down here and then down to the front. So, here and here. I don't think either of these gentlemen have asked questions before.

Audience Member:

Thank you Mr Chairman. My name is Jeff Nottle. I'm the President of the Phillip Island Conservation Society. The proposed Crib Point regasification project site is in Western Port, adjacent to Phillip Island.

Phillip Island has in excess of three million annual tourists, and generates spending of \$620 million per annum and provides 5,000 full time equivalent jobs in Bass Coast, making the region's economy the second most tourist reliant economy in Australia.

Our council recognise that Phillip Island's environment is our economy, and council has obtained global sustainable tourism council certification, declared a climate emergency and adopted policies against the industrial development of Western Port. FSRUs and internationally acclaimed ecotourism simply do not mix. The damage that could occur to the marine systems, ecosystems from damaging the water quality, would lead to loss of our iconic ecotourism attractions that include penguins, whales, seals and dolphins, with whale sightings occurring at the proposed site.

My questions, related questions, are where else in the world have FSRUs operated in an ecosystem as sensitive and significant as Western Port, and why should the Phillip Island community, with its economy so dependent on the marine ecology and environment, be a guinea pig and trust AGL to operate a high risk, polluting, industrial gasification plant in Ramsar listed waters adjacent to the second most tourist dependent location in Australia?

Graeme Hunt:

Thank you for your question and comments. I think I've covered a lot of this already. The environmental effect statement will call out the kind of statements that you've made if they're found by the environmental authorities to be correct. And, our investment decision or otherwise will be determined by the outcomes of that process, and the conclusions around obviously the economics associated with whether or not there is a gas demand.

For those that are not from Victoria, those of us that are, and from other parts of the country that have ever been to Phillip Island, recognise the importance of Phillip Island and its tourism. What gets lost in this discussion sometimes is where this facility is proposed is actually on the existing industrial jetty, which has been there for many decades. So, it is an industrial site, but it is next to very environmentally sensitive Ramsar wetlands environment, and it is in the general region that is very fondly held by locals and others that visit there for tourism. So, we appreciate all of that, and as I said, we will go through due process and we will continue to consult and we'll continue to listen, and final decisions are some significant way off yet. Thank you.

Audience Member:

Thank you. Just to add a further comment, the studies that the AGL representatives have indicated to us at the moment are in the marine ecosystems, which are our particular concern, as that flows through the seagrasses and other impacts. The studies are being located at the jetty. The issue is much, much wider than what could potentially occur just at the jetty. Thank you.

Graeme Hunt:

Okay. No doubt you'll tell us what you mean by that, but let's move forward. Sorry. Here. These two, and then if there's nothing on any new topics, I'd like to move on to the rest of the matters of the business. Sir?

Audience Member:

Thanks Mr Chairman. I'll keep this brief. Just a quick question about access to finance and insurance for AGL. In the last few months, some of Australia's biggest financial institutions have announced plans to exit the thermal coal sector by 2030. This trend is being seen around the world, with many insurers and banks getting out of thermal coal. Has the company assessed the potential impacts of decreasing access to and increasing costs of finance and insurance, as the pool of institutions willing to support our coal assets shrinks

Graeme Hunt:

Yes. That issue about support for coal goes beyond insurers, and obviously goes into shareholders as well. There are some that take a very clear cut view that just are withdrawing their support. There are others that understand that what this country actually needs to transition away from fossil fuels is an appropriate landing path, and that by withdrawing investment or support for things like insurance, it's actually making that transition higher risk and perhaps not in the best interests of many people. The insurance market is tough generally, and we work very hard on making sure that we protect our shareholders, the value of our shareholders' assets in the most appropriate way.

Audience Member:

Thank you. And, just noting that QBE and Commonwealth Bank have set that transition and that end point out to 2030, so that is a considerable amount of time to judge and manage that transition.

Graeme Hunt:

Yes. Thank you. Perhaps you can ask a question, one more. Can I just have a show of hands over here as to who has not asked a question, and hopefully on perhaps something new? So, there's just two. Okay. Thank you.

Audience Member:

Mr Chairman, David Leslie's my name. This is about the finance of the company. I wrote you a note saying that I didn't agree – it didn't mean I'm right – but I didn't agree with your mechanism for the buyback of shares. And, my comment is that in each of the three recent Chairman's reports, there's been comment that we're giving back cash. Well, you're not giving back cash, but you're giving in your eyes an equivalent. But I don't think at the time when the shares were \$18.80 or something, using that cash to buy

shares at your average price of \$25, which is 35 percent above the market, and going as high as 50 percent over the then existing price, is very sensible.

So, I did make this comment before the first buy back. I would say that yes, you've got the authority to do that, but I think you should also say at a price. Because otherwise, how do you equate cash with the shares? You don't equate cash when you make a decision at \$18.80 with \$25 which you ended up paying. So, I just think that was a mistake, and I did say at the end of my note that I'd be happy – I don't agree, but I'd be happy if you just said \$19 and stop at that. And, there is a rule in the Exchange, I know. I think it's rule – or Companies Act – 733, which does put restrictions on it. So, look, I've heard you talk all day about other matters, which I think you've done brilliantly. I don't wish to push it more than that, but I think that's what I would suggest to you.

Graeme Hunt:

Thank you for your last comment as well. But look, the issue here is many shareholders have different views about what is best for them. And, like many of the things we've talked about today, your board has to weigh up all of those issues and make what it believes to be the best decision taking on board shareholders as a whole. Clearly when we announce a buy back, we have in our mind what we think the appropriate range to use cash to buy back shares is. We don't have the benefit of such hindsight to know where it might have been, and we can't say that well, I wish we hadn't bought back shares at \$24 two years ago when shares are \$18 today.

So, what we have to do is weigh up what we're doing with the fire power we have in our balance sheet. The largest amount of how we use that balance sheet goes into reinvesting in the business for more value, and I've already talked about the circa \$2 billion of investment in assets. Obviously we paid a bigger dividend this year than we have previously. And, then you are right in the sense that we can buy back shares, and I guess you can be in the market and sell your shares back to the company as a way of freeing up your cash. Whether that's a good thing for you with respect to your tax position or otherwise, we can't know that. All we can do is on balance weigh up what is the most effective way for us to believe that we do it, and that's what we're doing. But I have seen your letter. I understand your concern, but we're trying to our best. But we'll take those things on board.

Okay. So, I'll just do two more questions I think, one here and one over there, and then I'd like to move on to the rest of the agenda. Some of the issues on the agenda will touch on matters already raised, so I'll be trying to keep it pretty concise at that point. Sir?

Audience Member:

Kevin Daley Mr Chairman. Last Friday the Australian Energy Market Operator compelled AGL to limit the power output from its Broken Hill solar farm. That means limiting it to about 25 megawatts. So, of course

we therefore lose income when it's not producing above that level. Now, that solar farm has been in operation for four years, so I can't quite envisage what AEMO had in mind in limiting its power. So, I'm just wondering if you can give some more details on that, and how long you think this limitation will go for?

Graeme Hunt:

The issue was broader than just AGL, for those that might not have seen it. The operational periods of many of those solar farms is not as long as you have suggested. Clearly the macro issue here is that the transition from one form of generation to distributed renewable generation, and the comment I made earlier about where that generation is, about the electrons being in the right place at the right time, if you're running solar operations in western New South Wales and the demand is here in Sydney, then you've got to rely upon the robustness of the networks to get the electrons to here. And, it's clear that the national grid is at times struggling with the installation of more renewables, particularly at the extremes of the grid.

Now, we work with AEMO to get an understanding of how we can ramp up production as we bring it on board, and we will continue to do that. We don't see that this will be a significant ongoing issue, but that will depend on how they continue to ensure that the national electricity market is run appropriately, and that the right kind of investment is made in the poles and wires and associated equipment to ensure that the noise, for want of a technical term, that comes into the system out of the renewable systems, can be managed.

Audience Member:

Thank you.

Graeme Hunt:

Thank you. Just this gentleman first, and then - - -

Audience Member:

Thank you very much. My name is Michael Peters. I want to thank you very much for the letter response to the letter that was written to the auditors firstly, and I'm also cognisant and empathetic that your every decision is climate change related. And, due to the evolution of coincidence, I think we're standing at the pointy end of history. What is absent in this room is climate change. Many questions have been asked, but as an entity, climate change doesn't exist, it hasn't been addressed. But thanks to the combination of all kinds of factors, AGL has managed to become Australia's largest greenhouse gas emitter in Australia.

And, I guess my question is what is AGL doing about that? And, to try to put a little bit more context to that, I would suggest that the board consider very strongly that top agenda, top item of the agenda, is

that on the one hand we're the largest emitter of greenhouse gases in Australia. What is it that we need to do today to get it to a zero net emission company? Now, that's very much outside the nine dots, a little bit of lateral thinking and so on, but ladies and gentlemen, I think you've got a great responsibility, and an opportunity which arises from this, to actually address that. Now, that goes beyond your individual responsibilities. It also goes to the community, to regulatory authorities, to the bodies that you might be members of, Minerals Council, all that sort of thing, your fellow polluters, to say that if we're going to get down to, as a company, given whatever timeframe that you wish to have – I want to get down to zero net emissions – this is what has to happen. And, that is part of your scenario thinking.

Now, I challenge the board to undertake that very seriously, and let's see how we progress.

Graeme Hunt:

Is there a question there? I heard a statement. Is there anything you'd - - -

Audience Member:

My question is are you willing to accept that challenge?

Graeme Hunt:

We are – and I've said a number of times already – we are Australia's largest emitter, on the back of acquiring the Macquarie coal fired assets, Bayswater and Liddell, one of which will close in a few years' time, which will reduce our net emissions. We are also Australia's largest private investor in renewables, and we also want to be Australia's largest investor in systems to firm those renewables, because renewables not firmed in the world that we live in at the moment will not keep sufficient lights on in this country. So, you can't exit coal fire until you can address those issues. We have developed a greenhouse gas policy some years ago. We are moving towards implementing that. The biggest steps we can take is to close those coal fire stations at the time, at the end of their economic life, and we will do that. And, in the meantime, we will continue to invest in renewables, which means that our net emission position per megawatt of electricity generated will continue to decline over time as we invest directly ourselves or support more renewables.

Rest assured this issue is on your board's agenda at a very high level, and if we were not in a situation where we had to meet those three elements that I've talked about a number of times already, which is meeting customer needs, giving appropriate returns to shareholders, and working within the framework that protects or enhances our social licence, it would be very easy to just focus on the latter of those and have no company. So, we have to keep working on each of those. We're not trying to trade off one against another. We're trying to enhance our performance in each of those areas. The issue around carbon emissions, we understand and don't shy away from the fact that we are a focal point because we are Australia's biggest single emitter. Part of that is an artefact of the fact that private enterprise is now

running many things that in the past the government was running, not as well I would say as private enterprise is, and certainly had not reinvested as much in those facilities as we and others might have had.

The issue around decarbonising and reducing emissions in Australia, it's important we get electricity generation right. It's also important that we work out the role of gas going forward. But it's equally important that we focus on other levers that can be pulled that will reduce emissions. I'm inclined to ask for a show of hands of how many people drove here today, but I won't do that. There are lots of things that individuals can do to address this issue, and there are sectors, very large sectors – the transport sector and the agriculture sector – that can play a very large part in this going forward as well. So, we appreciate that, and we will continue to focus on it, and we will do our best. But the tools we have available to us at the moment is to do what we said we were going to do, which is to close those plants in the timeframe that we've talked about. Thank you.

Audience Member:

I'd just like to ask supplementary to that, is that I don't think that you realise – I think the board or the company is dancing around this climate issue. You've got to take these things fairly seriously, and in a sense – and as I said before, what's absent in this room is climate change. If climate change turned around to you tomorrow and said that by 2020 we're going to be in a catastrophic situation, and due to the escalation in greenhouse gasses emissions, what do you say? Will you sort of come back in ten years' time or 20 years' time? That's not going to happen. Now, if that scenario is taken on board, the three factors that you mentioned before about your customers and so on and so forth, I understand where you're coming from. But I also would urge the board to go beyond that and take a leadership role. Not a leadership role of emissions, which you're currently undertaking, but a leadership role to turn that around to a net zero emission. What is it that I need to do today to make that happen in the shortest possible period of time, because I am very concerned, or I know what the consequences are going to be if I do not do that. So, I pose that challenge.

The last thing I want to mention is that I'm very happy to see that the Camden gas fields are being closed down. And, I was the gentleman that asked the question or posed the challenge to the board in your last meeting in Sydney here at AGM, where I suggested that if you felt that the Camden field was all good – and the previous Chairman seemed to agree with that, that it was all within the law and it was all hunky dory – I challenged the board, the chair, the board members and the senior executives, and their families, swap houses with the people in Camden if they thought that that was such a – if it's okay for them, it must be okay for us. And, I'm very pleased to see that that challenge perhaps hasn't been taken up – but I was going to ask you whether it had, or been discussed – and that you are closing the Camden ones down. Now, perhaps with the proviso that maybe that can be speeded up a little bit. Thank you very much.

Graeme Hunt:

Thank you. Just one final comment. I'm not sure I understand, and perhaps we can talk outside later about what you mean by climate change being absent. That's just not true. I mean we are working on the basis of accepting the science and trying to play our part as a corporation amongst others. I understand what you're saying about net zero emissions. I understand that we will continue to work on other scenarios going forward. But I've said it multiple times now. We need to do that recognising that we have obligations to customers, shareholders and the community. And, we will continue to do that going forward, and obviously we will encourage and continue to encourage appropriate arrangements on a national level that will enable smoother and faster transition, if it's possible, of our sector. But a go it alone approach is not going to be in the best interests of those three groups, or I would argue the country as a whole. So, perhaps we can talk later, because I think everyone's probably got some other issues that they want to deal with.

If this is another question about climate change, I was going to give the meeting an opportunity to speak and ask questions around the shareholder resolution on that matter later, but this gentleman says no, it's not. We'll go there. And, madam, is it about the same thing?

Audience Member:

Michael Strakosh again. Large business customers has halved in the past year. Why is it so? And, why did you set up a subsidiary in Singapore in the past year?

Graeme Hunt:

Yeah. The large business customers are to some extent – some large business customers in higher price environments have adopted their look after themselves approach, and you would have seen a significant amount of industrial scale type installation of solar etcetera for those customers. We have tried, and as Brett said earlier, we've actually grown our number of retail customers over the last 12 months, and we've done that in a tight environment. With respect to gas customers, one of the reasons we're looking for gas important terminals is our access to gas to be able to meet customer needs is limited.

I don't know whether you want to add anything to that, and perhaps you could address Singapore.

Brett Redman:

So, Chair, the only quick comment would be many very large business customers are somewhat interchangeable with selling to the wholesale market. They act like wholesale participants. So, we've been selling more into the wholesale market, and they're buying through others from that versus selling to large customers directly. We're rebuilding up though the selling team if you like, and the solutions team for large business customers to try and win more volume directly. So, very committed to that segment.

Look, the vehicle that we set up in Singapore, just to strip away any concern that we're doing something odd there, very standard tool to allow companies to enter the reinsurance market. So, it's purely a vehicle for us to help raise or fill our book of insurance for the business. That's its only purpose that we've set up for.

Graeme Hunt:

Thank you. This lady, and then I would like to move on.

Audience Member:

Thank you. Antoinette Grant, shareholder. I just wanted to comment that I think the board has made all the right responses to climate change questions. The questions that have been put to the board quite unfairly – and I am a very strong supporter of climate change, but it has been to the board quite unfairly. Most of those questions should really be put to the government. And, we all know which government has been elected. So, the people who constantly attack the company for what they are doing or not doing, they should actually think who did they elect and who should they address the questions to, because in the end, it's government who decides a lot of the parameters of what is going to happen. And, I think the board is doing its utmost, and AGL, as far as I'm aware, has always been in the forefront of doing new systems and new inventions, because most big players now realise it's in their own interest to do as much as they can. But they can't do the impossible if the government is not on board for example.

And, my question would actually also be – you said you cooperate with government. I would say you should also stand up to government when they tell you when to shut something or not shut something, or when you should deny your shareholders profit, when they don't interfere in other industries. There is usually a balance to be found, and you should also not cave in to government requesting you to at all costs provide cheaper electricity for example. I'm quite happy to pay more if it costs more. So, basically I think the company largely does a great job, and we haven't really heard enough today about reflecting that with all the criticism, and some of it justly so, but I think we should also acknowledge that the company has been a very good societal responder.

And, for example, the gas exploration, nothing happened that caused an accident or anything. It was purely due to the resistance of people who believed that was not a good idea. So, it's not something that AGL did wrong as such. It may have been advisable not to do it, but you should also acknowledge that AGL didn't do anything wrong in the whole procedure. So, it was decided not to go ahead for obvious reasons, but that's all to the credit of AGL. And, I think people shouldn't just be totally focused on their own personal affairs, and becoming kind of ecoterrorists. Whilst you should support what you believe, you should also not threaten other people in fitting in with your views, especially if those views might only be ten percent of the population. Thank you.

Graeme Hunt:

Thank you very much. Rest assured – thank you. Rest assured we engage with government at all levels, but we have robust debate which we seek to – which is founded on representing you as our shareholders in that debate.

Alright. Let's move on to item two, which is the remuneration report. The second item of business concerns the adoption of a remuneration report for the company for the year ended 30 June 2019. The People and Performance Committee assist the board with oversight of AGL's remuneration policies. Diane Smith-Gander has been the chair of that committee since November 2017. Before opening the meeting to questions, I would like to invite Diane to speak to you about the aspects of AGL's remuneration policy.

Diane Smith-Gander:

Thanks very much Chairman. Good afternoon ladies and gentlemen. You'll find the rem report on page 58 of the annual report. It sets out AGL's policy in respect of remuneration paid to the board and senior executives, and it also describes the link between company performance and executive remuneration outcomes for the 2019 financial year.

Now, the Corporations Act specifies that the resolution on the remuneration report is advisory only. This means that companies are not directly bound by the results of the shareholder vote on the resolution. Your board however takes account of the vote of shareholders on this resolution in respect of its decision making, and it also considers the sentiment of customers and the broader community towards the levels of executive remuneration.

During the 2019 financial year, there were a few changes to AGL's executive team, so the board took the opportunity to reset senior executive pay. Both the Chief Executive Officer and the Chief Financial Officer started their roles in the 2019 financial year at lower levels of remuneration than their predecessors, reflecting the board's view that it's appropriate to set starting salaries lower and provide scope for them to increase over time in line with experience and performance of those executives.

In terms of incentive outcomes, executives achieved short term incentive awards at or around the target opportunity levels, reflecting strong performance and demonstrated progress against your company's strategy. Our three year long term incentives granted back in 2017 were tested against the shareholder returns in our peer group and against return on equity targets. The testing was applied for the three year period from the 1st of July, 2017 to the 30th of June, 2019. There was no vesting of the total shareholder return measure, because AGL's relative total shareholder performance over that three year performance period was at the 38th percentile. It was 38.2 to be precise.

The return on equity measure fully vested, the measure was actually exceeded. Now, when both of those measures are taken together, the overall vesting under the 2017 plan was 50 percent. This year we continue to review and refine our executive remuneration framework. In addition to the reset of fixed pay that I talked about before, we made a number of changes for the 2020 financial year to more strongly align the executive rem framework with our strategic priorities, with the values that Brett described earlier, and the expectation of stakeholders. So, this included for short term incentive awards simplification of the score cards and reduction of the maximum STI award. So, there was a past maximum of 144 percent, and that's been reduced to 120 percent of the target STI opportunity.

Further, the deferred component of STI awards has increased, with more of the award to be paid in shares and the period of deferral of those shares increased. In relation to long term incentives, the performance period increases, as the Chairman mentioned earlier, from three years to four years, and the threshold and maximum opportunity for executives has increased. This provides a remuneration package for executives that's more heavily weighted towards long term performance and reward.

In the rem report you'll also find the number of shares held by your directors. Since the remuneration report was issued, a number of directors have actually acquired further AGL shares, and all directors currently comply with AGL's minimum shareholding policy.

The board is going to continue to maintain focus on striking a balance for shareholders between setting rem for executives at levels which are commensurate with company performance and community expectations, but also being sufficient to attract and retain the talent that's required for the company's future success. So, the board recommends that shareholders should vote in favour of this resolution.

Graeme Hunt:

Thank you Diane. The motion before the meeting is the adoption of the 2019 remuneration report. Are there any shareholders that wish to speak to the motion or ask a question?

Audience Member:

Thank you Chairman. Ian Graves from the Australian Shareholders Association. We represent 4,872 shareholders. What I wish to mention today is that we agree with your, and again a vote for, your remuneration report, but we would – and we appreciate greatly what Ms Diane Smith-Gander has mentioned around the improvements in the remuneration report. But we would ask if you'd take into consideration – we've often asked about a table for the take home pay, and at this stage it hasn't been considered. Would you consider looking at that again for next year?

Graeme Hunt:

Look, thanks for your questions, and also thanks for the ongoing engagement on these matters. I think that we still probably prefer to report what is the statutory requirement, which is around, if you like, future value, which while we appreciate that that can be a little confusing, we're of the view that presenting two sets of numbers can be even more confusing. But we will take on board your comment, and we will discuss it in the remuneration committee in the coming year and just see whether it is something that we can find a way to deal with, which might help shareholders understand a little better.

Audience Member:

Thank you Mr Chairman. I would point out that you're one of the few companies in the top 50 that don't show that. So, I'd ask you once again to do that. But thank you.

Graeme Hunt:

Thank you. I thought I saw another hand somewhere. Is there – yep.

Audience Member:

Michael Strakosh again. In the annual report, Ms McKenzie has no shares, and it has been alluded to that she has since bought some. Now, with the exclusion periods extent, does the board insist on all directors having at least one year's equivalent pay or pay equivalent in their shares after three or four years of membership of the board?

Graeme Hunt:

Yes. Something very similar to what you've outlined is our policy. Patricia was appointed to the board in May, which was just before the year end. Was not in a position, given the information she was able to see, to be able to trade shares up until that time. But after the release of the – or subsequent to that, up until when we released our annual results, but has since that time actually bought shares, and will in accordance with our policy accumulate shares over time to meet the target based on the annual base fee for directors. And, we have in the remuneration report pointed out that since we adopted that policy, all of the board are in compliance with that, or on the pathway to that when you look at it from the perspective of the amount of time that we've actually been on the board. So, thank you for your question.

Okay. If there are no more questions on the remuneration report, I will now put the motion that the remuneration report for AGL for the year ended 30 June, 2019 as set out in the director's section of the annual report be adopted. Details of the proxy and direct votes that have been cast on this motion are now shown on the screen. Now is the time to please mark your yellow voting card for this item, and obviously they will be collected at the end of the meeting once the other items of business have been dealt with.

Thank you. Moving to item three, which is the re-election and election of directors. There is a re-election of two directors and an election of one director. In accordance with the company's Constitution, two directors are retiring at this annual general meeting, namely Jacqueline Hey and Diane Smith-Gander. Both are seeking a re-election. Patricia McKenzie is also seeking election having been appointed to the board in May this year.

As we have done previously, I will invite each of Jacqueline, Diane and Patricia to speak to you briefly about why they are seeking your approval to act as a director of the company. I will then open the meeting to questions on each candidate before inviting shareholders to consider each resolution by appropriately marking their voting card.

The first item is the re-election of Jacqueline Hey. Under this item of business, we need to consider the re-election of Jacqueline. She has been a director since March 2016. She is considered by the board to be an independent director. She has extensive experience in the areas of information technology, telecommunications and marketing. She worked with Ericsson for more than 20 years in finance, marketing and sales, and in leadership roles here in Australia, in Sweden, the UK and the Middle East. Jacquie will shortly address the meeting and will cover her relevant background, other current responsibilities, and a summary of her areas of expertise and interest.

The board has considered the contributions Jacquie has made to the board's workings, and the board considers Jacquie's skills and experience, in particular her commercial leadership experience, are very valuable to the board's existing skills and experience. She also adds considerable strength and leadership to the committees on which she serves, including as Chair of the Safety, Customer and Corporate Responsibility Committee. The board, obviously excluding Jacquie, recommends shareholders vote in favour of this resolution.

I'd now invite Jacquie to speak to you on her candidacy.

Jacqueline Hey:

Thank you Graeme, and good morning ladies and gentlemen. I do really appreciate you joining us today and staying for so long. And, I'd love the chance to give you just a little bit briefly of my background relevant to my re-election. So, I'm an economist by university training, but as Graeme mentioned, I spent more than 20 years in the technology industry. Ended up as Managing Director for Ericsson entities here and in Europe and the Middle East. Ericsson is a company of around 100,000 people with operations in 130 countries, and I was part of their global executive management team. So, during this time I gained a lot of experience, particularly in governance, in management of large capital intensive projects, in technology strategy, safety and customers, as well of course in other areas that are important to shareholders, such as delivering on profit and growth.

Today I have ASX board roles with Qantas and with Bendigo and Adelaide Bank, and also with Cricket Australia. And, these roles enable me to identify and see best practices from across different industries, and to apply those learnings to the benefit of AGL.

Your company has a very proud and a very long history, and today it does operate in an industry which is experiencing substantial but exciting change, much of which we heard about discussed in the questions and comments this morning. And, as we move towards a future of cleaner more distributed energy generation and storage, it will require a responsible approach to balance the need of all stakeholders. I look forward to continuing to apply myself to the benefit of the company and of all its shareholders as we take these important steps forward.

As Graeme mentioned, I serve as Chair of the AGL Safety, Customer and Corporate Responsibility Committee, as well as being on the Audit and Risk Management Committee.

Ladies and gentlemen, should you provide your endorsement, then I would be very honoured to have the chance to continue to participate in this board and this company, and accordingly I offer myself for re-election, and I do thank you very much for your consideration. Thank you.

Graeme Hunt:

Thank you. Thank you Jacquie. Before I put the motion to re-elect Jacqueline Hey as a director to the meeting, does any shareholder wish to speak to the motion? Doesn't look like. So, I'll now put the motion to the meeting. The motion before the meeting is that Jacquie Hey be re-elected as a director of the company. Details of the proxy and direct votes that have been cast on this motion are now shown on the screen. Please mark your yellow voting cards for this item at this stage.

The next matter for consideration is the re-election of Diane Smith-Gander as a director. Diane has been a director since September 2016, and she is considered by the board to be an independent director. She has extensive Australian and international experience in banking, finance, technology and strategic and management consulting. This includes as a partner at McKinsey in Washington DC and New Jersey in the US, and as group executive IT and operations for Westpac Banking Company.

Diane will shortly address the meeting and will cover her relevant background, current responsibilities and a summary of her areas of expertise and interest. The board has considered the contribution Diane makes, and considers Diane's skills and experience, in particular her experience and leadership in financial, strategic and consulting roles, are very valuable to the board's existing skills and experience. She also adds considerable strength and leadership to the committees on which she serves, including as Chair of the People and Performance Committee.

The board, excluding Diane obviously, recommends shareholders vote in favour of this resolution, and I invite Diane now to speak to her candidacy.

Diane Smith-Gander:

Thanks again Chairman, and good afternoon again ladies and gentlemen. Thanks very much for the opportunity to address you in support of my re-election to the board of your company. In 2016 when I first sought election, I commented that AGL was a vibrant company with an exciting future, and that when that is the case, there are always going to be very interesting challenges. So, I can certainly say that the last three years have been full of interesting challenges and equally interesting opportunities. So, AGL has definitely delivered to my expectations. I hope I've delivered to its.

I'd also like to tell you a little bit more about myself, the experience and skills I bring to the board. I'm a West Australian. I'm resident in Perth. But I did spend 25 years outside Perth pursuing a corporate career. My first degree, like Jacquie, is in economics, but from UWA, and I have an MBA from the University of Sydney. My executive career was largely spent at Westpac Banking Corporation in line management and operation management roles, and I was involved in many large complex projects, particularly those involving the acquisition of regional banking assets. It was those experiences that led me to spend eight years in the US with McKinsey & Company, where I supported companies undertaking mergers and acquisitions and transformations.

I was involved in many landmark projects in industries such as oil and gas, food processing, banking, alcohol beverages, agrichemicals and pharmaceuticals, and I did work globally. I have one other listed directorship at Wesfarmers, where I'm a member of the Audit Committee, and I also sit on the board of a privately held airport.

I believe that a diverse portfolio of directorships is very helpful. The insights and learnings from these other situations make me a better director for AGL. For example, I'm the independent Chair of the member body of Safe Work Australia. It's a tripartite group. It meets three times a year and sets policy and priorities around work health and safety in Australia. So, if I'm going to chair the meetings effectively, I need to have a really good knowledge of current and emerging work health and safety issues. So, that's very helpful in the role on the Safety Sustainability and Corporate Responsibility Committee here at AGL.

In the past I've served as a deputy Chair at NBN Co, a large telecoms utility, as a Commissioner of Tourism WA, and as a director of CBH, a large agricultural cooperative. And, exposure in those sectors gives me insights into the needs of customers, and a particular lens on the connected customer future that AGL is certain to participate in. At Broad Spectrum, I spent three years as Chairman, and at various times served on both the Human Resources and the Health, Safety, Environment and Quality Committees.

So, I think my experiences across line management, consulting, and now as a non-executive director have allowed me to build a skill base to be an effective steward in many areas. And, I've spent a great deal of time out in the field observing operations, completing safety audits, and visiting the people at the companies I've served. My pro bono contributions are all focused around education. I'm on the board of Methodist Ladies College in Perth, Business School of UWA, and in November this year I'll become the Chairman of CEDA, an apolitical think tank, the Committee for the Economic Development of Australia.

So, I do acknowledge that I have a busy portfolio. It's a full portfolio. I'm in the midst of rebalancing. Some appointments that I hold are coming to an end. I work the equivalent of a full time role, and I've carefully constructed my portfolio to ensure that I really do have the capacity to meet all of my commitments.

So, ladies and gentlemen, thank you for the time to explain all of this to you, and very much for your interest in attending our AGM.

Graeme Hunt:

Thank you. Before I put the motion that Diane Smith-Gander be re-elected as a director to the meeting, does any shareholder wish to speak to the motion? I can see someone over here.

Audience Member:

Thank you Mr Chair. Helen Manning from the Australian Shareholders Association. And, our question was regarding workload for Diane Smith-Gander, and she started to talk about that now. I guess the question we could ask is how much currently would you be spending per month on your other commitments?

Graeme Hunt:

Do you want to have a crack at answering that? What I can say is the board is very comfortable with the contribution that not only Diane, but other members of the board make to the company. You will see from the annual report the attendance records of all directors, and those records only pick up the formal board meetings. Let me assure you there are more communications than are reported on there on an informal basis. And, I can attest to the fact that Diane's attendance is approximately equal to what I understand the support for her re-election to be, which is better than Don Bradman's batting average. Not quite as good as Steve Smith's, because you can't get over 100 percent. But I'll allow her to make some comments. Someone once said to me that if you want something done, find a busy person, not someone that's got time on their hands, and I think that certainly applies in corporate world.

Diane Smith-Gander:

Yeah. Thanks very much Graeme. And, look, I very much appreciate the question, not the least of which because it gave me an opportunity to step back and have a really good look and say am I taking on too much? Am I giving enough attention to these things? And, as Graeme said, in the three years that I've

been at AGL, there's been 50 meetings that I was scheduled to attend. There was one short notice one I didn't make it to, but I did actually attend 57 out of 50 meetings, because John Stanhope as Chair of the Audit Committee often has me as an observer.

So, your question was how much time do I spend on all the other things. Well, the time I spend on it is a full time load minus what I spend on AGL. And, I don't mean that to be a smart question. But I'm very careful. I mentioned I'm on the Council of Methodist Ladies College, but for 18 months I stepped away from that because it clashed with AGL when I joined the board. And, Methodist Ladies College actually took an opportunity to recast the way they did their meetings, so it was a good exercise there to realise they didn't need to meet once a month. So, how it meets a much more modest number of times, which is more appropriate for the setting, and so I've been able to re-join that.

So, I actively manage that calendar and make the decisions obviously for the listed companies that I'm part of. So, thank you for the challenge and for the opportunity to do a bit of reflection.

Graeme Hunt:

Thank you. So, I now will put the motion to the meeting. The motion before the meeting is that Diane Smith-Gander be re-elected as a director of the company. Details of the proxy and direct votes that have been cast on this motion are shown on the screen. Please mark your yellow voting cards for this item at this stage.

The next matter is the election of Patricia McKenzie as a director. Patricia was appointed as a director on 1st of May, 2019, and she is considered by the board to be an independent director. She has more than 40 years' experience in the energy sector, with a particular focus on matters of market design, industry governance and regulatory reform. She was previously chair of Essential Energy and a director of the APA Group, Macquarie Generation and TransGrid. She was the CEO of the Gas Market Company from 2001 to 2008, and a member of the Gas Market Leaders Group representing gas market operations from 2005 to 2010.

She will shortly address the meeting and will cover her relevant background, other current responsibilities and a summary of her areas of interest. As you would expect, the board arranged checks on Patricia's character, experience, education, criminal record, bankruptcy history, etcetera, etcetera, to make sure that we did appropriate due diligence on your directors, and we confirm that those checks did not reveal any information in any way, shape or form of any concern. The directors consider Patricia's skills and experience, in particular her significant experience in the sector, are very valuable and complement the board's existing skills and experience.

The board, excluding, Patricia, recommends shareholders vote in favour of the resolution. I'll now invite her to speak to her candidacy.

Patricia McKenzie:

Thank you Chairman, and good afternoon ladies and gentlemen. When I joined this industry some 40 years ago having graduated in law, it was not the energy industry that we know today. It was a gas industry and an electricity industry, and very little interaction. It was very much state-based and governed by highly regulated, mostly government owned monopolies. AGL was always the exception to that government ownership. There was no wind or solar generation of electricity, and natural gas had just arrived on the east coast of Australia.

Fast forward to today, and we have a highly competitive, highly interactive energy industry. It's national in its scope through the national electricity market, and in gas through the interconnected pipelines and the wholesale markets. It's dominated by the private sector, and until recently I would have said regulated only in its monopoly services, but we have clearly seen a re-regulation start to appear in the retail sector. Renewables are already a significant and growing energy source for electricity, and storage and many other technologies are starting to and continuing to challenge our traditional business models.

It has been my great privilege to participate in the design and implementation of the very many changes over that 40 year period which led to today's very dynamic market. With your support today, it is that knowledge and experience which I bring to the board of AGL Energy, to assist AGL and its fantastic management team to meet the challenges and to take advantage of the opportunities as we transition to our future markets.

I'm very excited to be back at AGL, and I thank you all very much for your consideration of my election.

Graeme Hunt:

Thanks very much Patricia. I put the motion to the meeting that Patricia McKenzie be elected as a director to the meeting. Does any shareholder wish to speak to the motion? Yes?

Audience Member:

Quick question. Are there any electrical engineers on your board?

Graeme Hunt:

No. We don't. I'm the closest I think, and Peter, who is – you've got two engineers, but not electrical.

Audience Member:

You've got engineers though?

Graeme Hunt:

Yes. We have. Yeah. Thank you. So, if that's the only comment, I'd now put the motion before the meeting that Patricia McKenzie be elected as a director of the company. Details of the proxy and direct votes that have been cast on this motion are shown on the screen. Please mark your yellow voting card as appropriate for this item.

Moving on. The fourth item is the grant of performance rights to the Managing Director and CEO Brett Redman under the 2020 long term incentive plan. The number of performance rights to be granted to Brett is 214,108 performance rights, which combines a bridging tranche of 107,054 performance rights with a three year performance period, and a tranche of 107,054 performance rights with a four year performance period.

As noted earlier, the board is determined to extend the performance period for long term incentive from three to four years to better align with the horizon for planning cycles in the business. This extension of the performance period from three to four years will result in that year of 2023 when no long term incentive plan awards would be due to be tested, and potentially vest if the performance conditions were achieved. And so, to ensure a smooth transition to the extension of a performance period, a one off bridging tranche of performance rights will be granted to eligible participants of the long term plan, including Brett, that will be tested after three years in addition to the 2020 financial tranche that will be tested in four years.

In the 2021 financial year and for future years, a four year performance period will apply to the awards made under the long term incentive plan, and no further bridging tranches will be awarded. The number of performance rights that will ultimately vest for Brett under each tranche will depend on the extent to which the performance conditions have been satisfied over the relevant performance period. The plan has two equally weighted performance conditions. The first measures AGL's total shareholder returns relative to those of the constituent companies and the S&P/ASX 100 index, being AGL's peer group. The second measure is return on equity, which assesses shareholder returns based on underlying profit after tax as a percentage of the capital shareholders have invested in the company.

The ASX listing rules require that shareholders approve the granting of performance rights to any director, including the Managing Director. The board, excluding Brett, recommends shareholders vote in favour of this resolution. Before I put the motion of the grant of performance rights under the long term incentive plan to Brett, does any shareholder wish to speak to the motion? I don't see a hand, so I'll now put the motion to the meeting, the motion to grant performance rights under the long term incentive plan to Brett Redman. The motion before the meeting, I've already covered, has been set out in the

explanatory notes of the Notice of Meeting, and the proxy and direct votes on this item are now shown on the screen. If you haven't done already, could you please mark your yellow voting cards on this item.

Okay. Item five is the special resolution to amend AGL's Constitution. This item of business concerns a special resolution proposing to amend AGL's Constitution to include a new provision that would enable shareholders by ordinary resolution to express an opinion or request information about the way in which a power of the company vested in the board has been or should be exercised. This resolution has been requisitioned under section 249N of the Corporations Act by shareholders representing approximately 0.0229 percent of shares on issue in AGL. The board has recommended that shareholders vote against this resolution. The detailed reasons are set out on page 24 of the Notice of Meeting, but in summary, the board considers that it is not necessarily desirable to amend the Constitution. The board believes that the proposed amendment to the Constitution could have the effect of enabling groups of shareholders to promote their own interests which do not take into account the interests of the company as a whole.

The power to manage the business of AGL is vested in the board under AGL's Constitution. It is important that the board is able to make decisions that affect the business and affairs of AGL in the best interests of the company as a whole. Shareholders are able to hold the board to account for their decisions by voting on the appointment and removal of directors at each annual general meeting. The resolution proposed is a special resolution. This means that it would be passed if at least 75 percent of the votes cast by shareholders are in favour of the resolution.

The directors unanimously recommend that shareholders vote against this resolution. Does any shareholder wish to speak to the motion?

Audience Member:

My comments are largely directed at item 5(b), so [2:35:00].

Graeme Hunt:

Make them now I guess, if that makes 5(b) easier.

Audience Member:

Yep. Not a problem. Yeah. So, sorry, I didn't introduce myself before. But my name's Will Vanderpole. I'm from Market Forces, and we worked with shareholders to propose resolutions 5(a) and 5(b), and I would like to make a short statement in support of those resolutions, and particularly to the crux of item 5(b) on behalf of those shareholder proponents. These resolutions present an important opportunity to improve corporate governance and risk management at AGL ahead of the market and regulatory changes that can be foreseen as the world moves to meet its commitments under the Paris Agreement on climate change.

AGL's current plans are out of step with mainstream scientific projections of the decarbonisation required to meet the Paris climate goals. Failure to bridge this gap leaves our company exposed to significant climate change transition risks. It appears our current plan to manage climate risk is to rely on others to do the heavy lifting while AGL continues with business as usual. Adoption of this resolution would ensure our company's risk management strategies are brought into line with the realities of the low carbon transition required under the Paris Agreement.

We know the relative cost and availability of clean alternatives leaves the energy sector best placed to deliver a significant proportion of the emissions reductions required. We know that even in the absence of federal political leadership, state governments are moving ahead with emission reduction and renewable energy policies, and a more ambitious climate policy and regulatory action is inevitable. We know that financial support, be it debt, equity or insurance, is increasingly being denied to the coal power sector, and we know that our ageing coal fleet is becoming ever more expensive and unreliable to keep running, while the costs of renewable energy and storage solutions are falling rapidly.

These realities pose significant financial risks to our company. Adoption of our proposed resolutions would not only help manage these risks, it would also ensure our company is well placed to take advantage of the significant opportunities presented by the transition to a low carbon economy. We ask shareholders to support this resolution with the long term interests and sustainability of the company in mind. We thank those investors that have already cast votes in support of the resolutions, and we hope the level of support for resolution 5(b) encourages the company to commit to disclosing Paris aligned emission reduction strategies and targets in the coming year. Thank you.

Graeme Hunt:

Thanks very much. I think I probably responded earlier in the meeting in terms of the fact that the company acknowledges the basis on which these resolutions were made, welcomes groups of shareholders putting forward motions like this. We'll always listen. I think we also understand the importance of these matters, particularly with the strategies for reducing emissions. I probably said it more times than I'd care to remember. We actively have a plan and we're working to that plan, and obviously over time we will consider how we may or may not improve that plan going forward. But thank you for bringing this to our attention, and this is a matter that your board and the company sees as very important and urgent, but urgent to the extent that we have to act sensibly in terms of how we seek to transition our business into the world that we're inevitably heading into. Thank you.

There is another comment up the back I think. Yep.

Audience Member:

Reginald Lobb again sir. You have answered those questions constantly through the meeting, and people seem to ask the same question over and over again, different people. I don't know what some of the people in this room expect you to do. You have done what you can. You are providing us with energy. The lights will go off soon. The lights would go off if some of the resolutions being sought in this meeting were carried. Thank you for your leadership, and we trust that you will continue this leadership, because you have done it together with your directors in the most commendable way. Thank you.

Graeme Hunt:

Thank you. Okay. The motion before the meeting is to amend the Constitution to insert at the end of clause 32 General Meeting's Business, a new sub-clause that the company in general meeting may by resolution of ordinary resolution express and opinion or request information about the way in which a power of the company partially or exclusively vested in the directors has been or should be exercised. Such a resolution must relate to a material risk as identified by the company, and cannot either advocate action that would violate any law or relate to any personal claim or grievance. Such a resolution is advisory only, and does not bind the directors or the company.

Details of the proxy and direct votes that have been cast on this motion are shown on the screen, and can you please vote your yellow voting cards. As I indicated earlier, the information on the screen indicates that this resolution has not been successful.

It is obviously apparent that item 5(a) for the amendment of the Constitution will not be passed, which means that items 5(b) and 6, which are contingent upon that, will not be put to the meeting today. What I will do now is show the proxy votes for items 5(b) and (c) on the screen. I can't quite see that. Are they both up there now? Yes, they are. Which indicates again both of those resolutions have not been passed. But as mentioned earlier, I will now allow shareholders to ask any questions related to these items, and a gentleman from Market Forces has already spoken to that under 5(a). Is there anybody else that wishes to speak to these resolutions? Sorry. Yes?

Audience Member:

Dan Gocher again from ACCR. I'd just like to speak to resolution 6 on the public health risks of coal operations. As the board would be aware, a 2018 report by Dr Ben Ewald estimated that the five coal fired power stations in New South Wales caused 279 early deaths every year. A 2019 report commissioned by the Australian Energy Council, of which AGL is a member, estimated that the five coal fired power stations in New South Wales caused 98 early deaths every year. Let's assume the truth is somewhere in between those two numbers.

Two things are clear. Firstly, research paid for by our company confirms that coal fired power stations kill people. Secondly, many of those deaths can be prevented by the installation of modern pollution controls, which of course comes at a cost. This resolution sought a fairly straightforward disclosure. What would it cost to install such controls at Bayswater and Loy Yang A? So, my first question to the board is a simple one. How much are those 98 lives lost every year worth?

Secondly, despite knowing full well that our company's three coal fired power stations are killing people every year, the board claimed that regulators were best placed to determine emission limits. Yet through its membership of the Australian Energy Council, our company has lobbied the National Environment Protection Council and the Victorian EPA to ensure that emission limits are not strengthened. Can the board comment on whether it's appropriate to rely on emission limits set by regulators it has actively lobbied?

Graeme Hunt:

There's a couple of questions in that area. I have read those reports. I've read a peer review of the first report that you mentioned, which – anyway, let's not go into the detail. I'm very troubled by the approach taken in that research. The point is that the studies that have been shown focus on health effects in the region, which is a broad region of the Upper Hunter where there are lots of other activities as well. So, directly tying health outcomes to the operation of those plants again is somewhat of a stretch. That does not mean that we don't take this matter seriously.

The resolution as put would have us determine what the right goals were for reduction in emissions going forward. We believe that the right way to do that is to actually consult with those that are best placed to determine what the emission levels should be, which are the regulators. And, as a result of that, we will continue to do that. They have the best access to information about regulation in other places, independent access to science etcetera, and we will work with them to meet the requirements of any changes under regulation. And, in a circumstance where that leads to the need for us to invest more money in those plants to change the emission levels, we would obviously disclose that information in the future.

So, that's the position that the company has taken. We understand that it's an important one. I obviously can't and won't try to say what a life is worth, but I would debate about drawing as fixed a correlation as you're putting in your question. What we really need to do – and this goes back to the emissions question again – is we need a transition from forms of power generation that have been historically on which this country has relied, into systems in the future which address the shortcomings of those past technologies. That's a given of what we as a company are trying to do, is to play our part in ensuring that is a smooth

transition which is in the best interests of our customers, our shareholders and the community more broadly.

If there's no other questions, I'd like to conclude. Thank you. That's the end of discussions on the items of business. What needs to happen now, as mentioned earlier, a poll is being taken on the relevant items of business. Deloitte will be the scrutineers. Please make sure that you have appropriately filled in your yellow card, and to make sure that goes into the box or to a Link representative. They will continue to collect those cards. A summary of the proxy votes for each of the resolutions is now shown on the screen, and I advise the meeting that I intend to vote all discretionary votes available to me as Chair of the meeting in favour of the resolutions other than the special resolution 5(a) proposing an amendment to the Constitution.

Ladies and gentlemen, thank you for your patience. And, the polls will remain open for ten minutes. The results of each of the polls will be available through the ASX by close of business today and on our website. What remains for me on behalf of the board, a thank you for attending, demonstrating your interest in AGL by taking part in this meeting. I look forward to seeing you next year. I declare the meeting closed, subject to the conclusion of the poll, and invite you to join us for refreshments outside. I'm hoping that the sausage rolls are still warm. Thank you.

[End of Transcript]